



Michigan House of Representatives
House Energy & Technology Committee
PO Box 30014
Lansing, MI 48909

September 19, 2006

Chairman Nofs and members of the committee:

As deliberations continue on House Bill 6456, The Detroit Regional Chamber would like to share our opinions as it relates to the H-1 substitute, not considering any pending amendments. Throughout the process to rectify the regulation of cable and broadband service in the state of Michigan, our organization has held fast to a few basic principles that we feel will provide the maximum benefit to Michigan consumers and the most level playing field for Michigan providers.

Telecommunications and Broadband Deployment Principles

During the review of Michigan's Telecommunications Act, we established the following position:

Federal, state and local policy makers should adopt policies that empower the telecommunications marketplace to provide Michigan consumers with choices in technology and products at competitive prices. Concurrently, policy makers should ensure that service providers are not subject to economically unsustainable regulations. Policies should be competitively and technologically neutral.

During the legislature's process to change Michigan's rights-of-way system and examining telecommunications competition, the Chamber established principles that again reflect similar issues concerning video service regulation. Those principles are as follows:

Broadband Deployment:

- Private sector deployment and ownership is the most efficient manner of delivering services to customers who want them
- Existing state and local laws and regulations that discourage or delay deployment should be eliminated. Don't substitute excessive regulation at one level of government for excessive regulation at a different level
- A "level playing field" among all providers —wireline, cable, satellite, and wireless—will encourage maximum deployment

- Attempts by government entities to impose excessive fees (fees not based on actual costs) should be prohibited
- No new taxes should be imposed on the infrastructure needed to provide broadband services.

Telecom Competition:

- Fair competition among service providers in Michigan in.
- Monitoring the market for fair competitive principals. While the MPSC and the FCC are monitoring the change of long distance providers into fair market players by telecommunications standards, all companies should adhere to fair competition principals.
- A balanced telecommunications market in which consumers are able to compare similar services. Services that differ in size and scope make illogical price comparisons.

Position for House Bill 6456, H-1

Similar principles from the telecommunications discussion can be applied to the regulation of video service, specifically for the analysis of HB 6456. As new video service entrants begin to serve their areas, this should increase competition, choices and technological advancement over the past regulatory structure. Additionally, this should not increase the regulatory burden for either the incumbent or new provider as such costs will only result in decreasing competition, choices and technological advancement.

Three specific issues are crucial to the current discussion to achieve an improvement in our current market: a net decrease in taxes and fees, a level playing field among providers and a net decrease in the regulatory burden. H-1 achieves each of these goals by streamlining the franchise process, reducing the review time and requires equal obligations to incumbent and new providers. For this reason, we support the progress made in H-1 of HB 6456.

Our comments reflect a basic guideline to moving forward in regulation, market access, delivery and technological advancement. Details regarding specific services, distribution of revenues and management of customers contained within this bill should be negotiated between the providers to ensure fair competitive practices.

We appreciate your time and dedication to this issue. If you have any questions, please contact Melissa Trustman at mtrustman@detroitchamber.com or 313-596-0409.

Sincerely,

Sarah Hubbard
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